



**STATE BOARD OF EQUALIZATION
STAFF LEGISLATIVE BILL ANALYSIS**

DRAFT

Date Amended:	08/15/05	Bill No:	SB 555
Tax:	Property	Author:	Machado
Related Bills:	SB 501 (Machado) SB 599 (Machado) SB 747 (Machado)		

BILL SUMMARY

This property tax omnibus bill, in part, would:

- Provide, for purposes of the grandparent-grandchild change in ownership exclusion, that a son-in-law or daughter-in-law of the grandparent that is a stepparent to the grandchild need not be deceased in meeting a condition that “all of the parents” of the grandchild, as defined, must be deceased. §63.1
- Expressly provide that the claims filed by taxpayers for the parent-child change in ownership exclusion and base year value transfers for seniors and the disabled are not public documents and not subject to public inspection. §63.1, §69.5, §408.2
- Allow the "builders' exclusion" from supplemental assessment for the completion of new construction to be automatically granted to newly completed single family residences located in a residential subdivision, as specified. §75.12
- Immediately terminate a property tax exemption on a property when it is sold if the new property owner is not otherwise eligible for an exemption. §75.23
- Eliminate mandatory personal property audits of exempt entities. §469
- Allow the tax bill to serve as the notice of the taxpayer's right to appeal the assessment, so long as the tax bill itself contains the notice of the taxpayer's appeal rights. §534
- Add state assessed electrical generation facilities to the list of properties which must be assigned to a specific tax rate area rather than the countywide tax rate area when preparing the Board roll of state assessed property. §755, §756
- Provide that when the hearing officer decisions on assessment appeals constitute the final decision of the county assessment appeals board, the county board does not have to provide a (redundant) approval of that final decision. §1641.5
- Delete obsolete references to a “declaration of intent to petition for reassessment” on a private railroad car assessment with the Board. §11316, §11336

Summary of Amendments

The amendments incorporate provisions previously contained in other bills to consolidate property tax related omnibus measures into a single bill.

This staff analysis is provided to address various administrative, cost, revenue and policy issues; it is not to be construed to reflect or suggest the Board’s formal position.

ANALYSIS**Grandparent-Grandchild Exclusions & Claim Form Confidentiality***Revenue & Taxation Code Sections 63.1, 69.5, 408.2***Current Law**

Under existing property tax law, real property is reassessed to its current fair market value whenever there is a “change in ownership.” (Article XIII A, Sec. 2; Revenue and Taxation Code Sections 60 - 69.7)

Article XIII A, Sec 2 of the California Constitution and Section 63.1 of the Revenue and Taxation Code exclude from the definition of change in ownership transfers of certain property between parents and children occurring on or after November 6, 1986. Specifically, transfers between parents and children of:

- principal places of residences and
- the first \$1 million of real property other than principal residences.

The parent-child change in ownership exclusion may be extended to the transfer of real property from grandparents to their grandchild if **all of the parents** of that grandchild **who qualify as the children of the grandparents** are **deceased** as of the date of transfer. The grandparent-grandchild exclusion is available to transfers of property occurring on or after March 27, 1996.

The existing statutory eligibility for a parent-child transfer extends to transfers between stepparents and their stepchildren, between mothers-in-law or fathers-in-law and their sons-in-law or daughters-in-law and to children adopted before the age of 18. This expands the possible transfers of property between people who will be eligible for the parent-child change in ownership exclusion. However, for the grandparent-grandchild exclusion, it limits eligibility since all persons who qualify as a “child” of the grandparent must be deceased. As a result, there is an unintended consequence for the grandparent-grandchild exclusion in that if a child has a stepparent that never remarried after the death of their parent, they are ineligible for the grandparent-grandchild exclusion because the stepparent is still considered a “child” of their grandparent and therefore not “all of the parents” of the grandchild that are children of the grandparent are deceased. There are situations where the stepparent has no relationship with, or is estranged from, the stepchild such as where the parent remarries when the child is an adult or where the stepparent is incarcerated. In these cases, because this stepparent is still living, the grandchild is precluded from receiving the exclusion on their grandparent’s property.

Claims

Revenue and Taxation Code Section 408.2 provides, that except as provided in Section 451 (relating to property statements) and Section 481 (relating to change in ownership statements) any information and records in the assessor’s office which are required by law to be kept or prepared by the assessor, other than homeowners’ exemptions, are public records and shall be open to public inspection.

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In claiming either the parent-child change in ownership exclusion pursuant to Section 63.1 or the base year value transfer provisions of Section 69.5 for persons over the age of 55 years, taxpayers must provide their social security numbers on the claim form they file with their local county assessor. Social security numbers are the basis by which claims for these two tax benefits are monitored on a statewide basis by the Board of Equalization. With respect to the parent-child exclusion, taxpayers are limited to claiming the exclusion on the first one million dollars of real property transferred excluding principal places of residences. With respect to a base year value transfer, a taxpayer may claim the transfer only once in a lifetime, with one exception, if the person becomes severely and permanently disabled subsequently to being granted, as a claimant, the property tax relief.

Existing law is silent with respect to the confidentiality of claims filed by taxpayers pursuant to Sections 63.1 and 69.5.

Proposed Law

A. Grandparent-Grandchild Exclusion

This bill would amend subdivisions (a) and (c) of Section 63.1 to provide that the existence of a stepparent whose relationship to the grandparent in question is as a daughter-in-law or son-in-law (i.e., the widowed spouse of the grandparent's child) would not disqualify the grandchild from receiving the change in ownership exclusion.

B. Claims

Parent-Child Exclusion. This bill would add subdivision (i) to Section 63.1 to expressly state that a claim filed for the parent-child change in ownership exclusion is not a public document and is not subject to public inspection. In addition, it would expressly provide that certain persons may inspect the claim: namely, the transferee and transferor or their respective spouse, the legal representative of the transferee and the transferor, and the executor or administrator of the transferee's or transferor's estate.

Base Year Value Transfers. This bill would add subdivision (n) to Section 69.5 to expressly state that a claim filed for a base year value transfer is not a public document and is not subject to public inspection. In addition, it would expressly provide that certain persons may inspect the claim: the transferee and the transferor or their respective spouse, the legal representative of the transferee and transferor, and the executor or administrator of the transferee's or transferor's estate.

This bill would also amend Section 69.5(f)(1) to delete the need to provide the name and social security number of a spouse that was a record owner of the original property at the time of its sale. This requirement is the unintended result of the lack of triple joining language in three bills that amended Section 69.5 in 1990 which caused the extraneous phrase "was a record owner of the original property at the time of its sale or" to be in this section of code.

Cross Reference Additions. This bill would amend Section 408.2 to add cross-references to Sections 63.1 and 69.5.

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Legislative Findings and Declarations. As required by Section 3 of Article I of the California Constitution, this bill makes Legislative findings to demonstrate the interest protected by providing that these claim forms are not public documents and the need for protecting that interest:

Claims filed under Section 63.1 or Section 69.5 contain taxpayer sensitive personal information, including social security numbers, dates of birth, home addresses, home telephone numbers, marital status, adoption status, financial matters, and medical information. Notwithstanding Section 3 of Article I of the California Constitution, county assessors have a responsibility and an obligation to safeguard from public access a taxpayer's personal information with which it has been entrusted.

The right to privacy is a personal and fundamental right protected by Section 1 of Article I of the California Constitution and by the United States Constitution. All individuals have a right of privacy in information pertaining to them.

This state has previously recognized, in Section 408.2 of the Revenue and Taxation Code, the importance of protecting the confidentiality and privacy of an individual's personal and financial information contained in homeowners' exemption claims, property statements, and change of ownership statements filed with county assessors for property tax purposes.

In addition to the right of privacy, there is a need to protect from public disclosure personal information due to the growing prevalence and debilitating nature of identity theft.

It is not the intent of this measure to make confidential that a particular property has received a property tax benefit pursuant to Section 63.1 or Section 69.5 of the Revenue and Taxation Code, or the amount of the benefit, but only to protect the personal information contained in the claim form. In addition, the Legislature further finds that in determining the fiscal impact resulting from either of these provisions, county assessors may provide aggregated data on property in their counties that have been extended these property tax benefits.

In General

Under existing law, real property is generally reassessed to its current fair market value whenever there is a "change in ownership." (Article XIII A, Sec. 2; Revenue and Taxation Code Sections 60 - 69.7) However, under certain circumstances property owners may avoid reassessment of a particular property by way of either a change in ownership exclusion or a base year value transfer.

Parent-Child Exclusion. Proposition 58, approved by voters on November 4, 1986, added subdivision (h) to Section 2 of Article XIII A of the California Constitution, to provide that the term "change in ownership" does not include the purchase or transfer between parents and their children of a principal residence and the first \$1 million of the full cash value of all other real property. Proposition 193 on the March 1996 ballot amended this section to apply the exclusion to transfers of real property from grandparents to grandchildren when all the parents of the grandchildren who qualify as

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children of the grandparents are deceased as of the date of transfer. By avoiding reassessment to current market value, children can preserve the Proposition 13 protected value of property acquired from their parents (or vice versa) and the property taxes on the property will remain the same.

Revenue and Taxation Code Section 63.1 provides the statutory implementation for Propositions 58 and 193. To receive the change in ownership exclusion, Section 63.1 requires the taxpayer to file a claim form with the assessor. Relevant to this bill, subdivision (d) of Section 63.1 requires that the social security number of each eligible transferor be provided on the claim form. Social security numbers are the basis by which the \$1 million limitation is monitored on a statewide basis. County assessors report quarterly to the Board all claims filed for the exclusion other than those involving a principal residence. Properties transferred after the \$1 million assessed value ceiling is reached are subject to reassessment at current market value.

Base Year Value Transfers. Proposition 60, approved by the voters in November 1986, amended Section 2 of Article XIII A of the California Constitution to allow persons over the age of 55 to sell a principal place of residence and transfer its base year value to a replacement principal place of residence within the same county. This allows eligible homeowners to avoid paying property taxes on their new home based on its current market value and instead preserve their Proposition 13 protected value of their prior home by transferring it to their new home. Proposition 90, which was passed by the voters in November 1988, extended these provisions to a replacement dwelling located in another county under limited conditions. Proposition 110, approved by the voters in June 1990, extended these provisions to severely and permanently disabled persons of any age.

Revenue and Taxation Code Section 69.5 provides the statutory implementation for Propositions 60, 90 and 110. It details the provisions by which persons over the age of 55 years and disabled persons may transfer, subject to many conditions and limitations, the base year value of their primary residence to a newly acquired replacement residence. This property tax relief is generally allowed only once in a lifetime. To receive the base year value transfer, Section 69.5 requires the taxpayer to file a claim form with the assessor. Relevant to this bill, subdivision (f) of Section 69.5 requires that the social security number of each claimant be provided on the claim form. Social security numbers are the basis by which the once in a lifetime benefit is monitored on a statewide basis. County assessors report quarterly to the Board all claims for base year value transfers.

Spouses of Claimants. As previously noted, the base year value transfer is generally a once in a lifetime benefit. To qualify Section 69.5(b)(7) requires that a “claimant” may not have previously received a base year value transfer. Section 69.5(g)(9) provides that the spouse of the claimant is deemed to have used their once in a lifetime benefit if the spouse is a record owner of the replacement dwelling. However, Section 69.5 (f)(1) incorrectly requires that the claim form include the social security number of any spouse of the claimant who was a record owner of the original property at the time of its sale in addition to the social security number of any spouse that is a record owner of the replacement dwelling. To properly administer Section 69.5(g)(9) the name and social

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security number of a spouse of a claimant is necessary only if he or she is a record owner of the replacement dwelling.

Comments

1. **Sponsor and Purpose.** This bill is sponsored by the Board of Equalization to protect the disclosure of a taxpayer's social security number and to ensure that the broad definition of "parent" for purposes of the parent-child change in ownership exclusion does not, as an unintended consequence, overly restrict eligibility for grandparent-grandchild change in ownership exclusion.
2. **Key Amendments.** This provision was added by the **August 15** amendment and was previously contained in SB 599 (Machado).
3. **Claim Confidentiality.** The confidentiality of these forms is not expressly provided for in law. This bill would provide clarity to tax practitioners as well as interested parties that these documents are not public records subject to public inspection. Because claims for these property tax relief benefits contain taxpayer sensitive personal information, including social security numbers, dates of birth, home addresses, home telephone numbers, marital status, adoption status, financial matters, and medical information, the Board-prescribed claim forms include a statement that they are not subject to public inspection, although it is not expressly provided for in law. Recently, a county received a request for a copy of all claim forms filed under Section 69.5. The request was made under the Public Records Act, which caused the staff to evaluate whether, contrary to the statement on the claim form, these records must be provided to the inquiring party. Ultimately, the Board staff opined that these claims are exempt from public disclosure pursuant to the Information Practices Act, which was enacted to limit the dissemination of personal information. (It should be noted that the county was able to provide the inquiring party with the information it was seeking to derive from the individual claim forms, which was the revenue impact of intercounty base year value transfers, by providing aggregate data.)
4. **This bill balances the general public's right to information and the individual's right to privacy.** As noted in the uncodified intent language, it is not the intent of this measure to make confidential that a particular property has received a property tax benefit pursuant to Section 63.1 or Section 69.5 of the Revenue and Taxation Code, or the amount of the benefit, but only to protect the personal information contained in the claim form. Additionally, in determining the fiscal impact resulting from either of these provisions, county assessors may provide aggregated data on property in their counties that have been extended these property tax benefits.

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5. **Names Listed on Claim Form - Technical Correction.** In 1990, three bills amended Section 69.5 (Statutes 1990, Chapters 902, 1487, and 1494). An amendment to Section 69.5(f)(1) made by Chapter 902 (AB 3723) was chaptered out thereby creating an inconsistency between the definition of claimant in subdivision (g)(9) and the claimant's information required to be reported on the claim form in Section 69.5(f)(1). This bill amends Section 69.5(f)(1) to restore the change made by AB 3723 that was inadvertently chaptered out.

Supplemental Assessments*Revenue and Taxation Code Section 75.12 and 75.23***Current Law**

Existing property tax law requires property to be reassessed whenever there is a change in ownership or the completion of new construction. A "supplemental assessment" provides a mechanism for picking up a change in assessed value as of the date it occurs. The increase (or decrease) in assessed value is reflected in a prorated assessment (the supplemental assessment) that covers the portion of the fiscal year (July 1-June 30) remaining after the date of change in ownership or completion of new construction. For a changes in ownership or completed new construction occurring between January 1 and May 31, two supplemental assessments are issued. The first covers the portion of the current fiscal year remaining after the date of the event; the second covers the ensuing fiscal year in its entirety. An increase in assessed value results in a supplemental tax bill and a decrease in assessed value results in the issuance of a refund check. These supplemental assessments are entered into the "supplemental roll" and contain properties that have changed ownership or had new construction completed as opposed to the regular "assessment roll" prepared each fiscal year which contains all property in the county.

Builders' Exclusion. Revenue and Taxation Code Section 75.12 provides what is commonly referred to as a "builders' exclusion" that exempts from supplemental assessment the completion of some new construction. The builders' exclusion only applies to the initial supplemental assessment for the completion of new construction and does not preclude the reassessment of construction on the assessment roll on the lien date following the date of completion of construction or to any other supplemental assessments on the property, such as the change in ownership related to the initial acquisition of the property. Typically, the exemption is extended to homes in new subdivisions as well as custom homes built by contractors on speculation. To qualify, the property owner must notify the assessor within 30 days of beginning construction that the property will be held for resale and will not be rented, leased, occupied or otherwise used until it is sold. A claim form is generally available from the assessor's office to request the builders' exclusion from supplemental assessment.

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Sale of Property Receiving a Tax Exemption. Existing law exempts from property tax specified types of property or property owned by specified taxpayers. Typically, these exemptions include the welfare exemption (religious, hospital, charitable, and scientific uses of property) and the church exemption. In addition, most property owned by governmental entities, schools, and colleges are exempt from property tax. Persons eligible for one of the many property tax exemptions available may immediately receive the exemption as of the date they acquire the property via the supplemental assessment roll. However, if the exempt owner subsequently sells the property, the exemption does not immediately terminate. Revenue and Taxation Code Section 75.20 provides that any supplemental assessment levied should not affect an exemption which had been granted the property for either the current roll or the roll being prepared. Rather, the new property owner may enjoy a windfall since the property would continue to hold the prior owner's tax exempt status for as long as eighteen months, depending upon the date of acquisition.

Proposed Law

Builders' Exclusion. This bill would amend Section 75.12 of the Revenue and Taxation Code to provide that a property owner is not required to file a claim with the assessor to receive the builders' exclusion, if the owner's property meets all of the following conditions:

- The property is subdivided into five or more parcels in accordance with the Subdivision Map Act
- A map describing the parcels has been recorded.
- Zoning regulations that are applicable to the parcels or building permits for the parcels require that, except for parcels dedicated for public use, single-family residences will be constructed on the parcels.
- This bill makes the builders' exclusion automatic for builders that meet the above criteria. However, builders that do not meet the criteria, may still receive the exclusion by filing a claim with the assessor.

Sale of Property Receiving a Tax Exemption. This bill would add Section 75.23 to Revenue and Taxation Code to provide that notwithstanding Section 75.20, if a property undergoes a change in ownership and the property was receiving an exemption on the regular assessment roll (either the current roll or the roll being prepared), then the exemption will not apply to that property as of the date of the change in ownership where the new property owner does not otherwise qualify for that particular exemption. This bill would exclude from these provisions property for which the only exemption being granted on the property is the homeowners' exemption.

In practical application this would mean that a person who purchases a property that was previously exempt from property tax, would receive a supplemental assessment that would reflect full taxation of the property as of the date of purchase. The increase in assessed value resulting from the change in ownership upon which the supplemental assessment would be calculated would be the difference of zero (to reflect the prior tax exemption) and the new assessed value of the property.

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Comments

1. **Sponsor and Purpose.** The California Assessors' Association is sponsoring these provisions to provide (1) an automatic extension of the builder's exclusion in new residential subdivisions and (2) ensure equity in the property tax exemption process. Property owners may file a claim for the builder's exclusion on raw land prior to the initial subdivision of the property and construction of any homes. Consequently, after the subdivision of the property into individual parcels it is possible that a supplemental assessment is incorrectly made on some of the parcels within the subdivision. This requires costly roll corrections to reverse the supplemental assessment.
2. **Claim forms not required – automatic exclusion for residential subdivisions.** Effectively, in a residential subdivision that is owned by a single property owner (such as a builder-developer of a subdivision), the assessor would not issue a supplemental assessment for newly completed homes on lots within the subdivision.

Mandatory Audits – Exempt Entities*Revenue and Taxation Code Section 469***Current Law**

Personal property used in a trade or business is generally taxable, and its cost must be reported annually to the assessor on the business property statement as provided in Revenue and Taxation Code Section 441. Organizations that own personal property but are also eligible for a property tax exemption must also file a business property statement. Typically, these exemptions include the welfare exemption (religious, hospital, charitable, and scientific uses of property) and the church exemption.

Revenue and Taxation Code Section 469 requires county assessors to audit, at least once every four years, the books and records of any taxpayer engaged in a profession, trade, or business, if the taxpayer has assessable trade fixtures and business tangible personal property valued at \$400,000 or more. These statutorily required audits are commonly referred to as "mandatory audits."

Existing law also provides that an organization may be audited with respect to its eligibility for the property tax exemption (on its real and personal property). Specifically, Sections 254.5 and 254.6 provide that the assessor or the Board may audit the organization to ensure that it is eligible for the welfare exemption.

Proposed Law

This bill would amend Section 469 of the Revenue and Taxation Code to exclude from the requirement to audit the property holdings of a taxpayer that is otherwise fully exempt from property taxation under other provisions of law.

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Comments

Sponsor and Purpose. The California Assessors' Association is sponsoring this provision to better allocate limited staff resources. Currently, assessors are required to audit nonprofit organizations with large personal property holdings even though they are exempt from paying any property taxes on those holdings. This bill would provide that a fully tax exempt property does not require an audit beyond determination that the exemption is appropriately granted (i.e., once it is determined that the entity is exempt, a mandatory audit of its books and records once every four years is not necessary).

Assessment Appeal Right Notification <i>Revenue and Taxation Code Section 534</i>

Current Law

Revenue and Taxation Code Section 531.8 requires that prior to an escape assessment being levied a taxpayer must receive a "Notice of *Proposed* escape assessment."

Section 534 requires that when the assessor actually makes the escape assessment, to which the taxpayer was previously notified on the notice of *proposed* escape assessment, the notice must include appeal rights information, as specified. Section 1605 provides that in some cases, receipt of the tax bill, which also includes appeal rights information, suffices as notice.

Proposed Law

This bill would amend Section 534 to harmonize the provisions of that section related to assessment appeal rights notification to Section 1605, which allows the tax bill to serve as the escape assessment notification as well as provide the information concerning appeal rights. Prior to receiving a tax bill, the taxpayer would have received the "notice of proposed escape assessment."

Comments

Sponsor and Purpose. The California Assessors' Association is sponsoring this provision to harmonize Sections 534 and 1605 which provide that receipt of the tax bill suffices as the formal notice of an escape assessment. All taxpayers would have also previously received the notice of proposed escape assessment, consequently taxpayers could receive up to three notices related to the single escape assessment.

Board Roll Preparation*Revenue and Taxation Code Section 755 and 756***Current Law**

Under current law, incremental growth in property tax revenues from most state assessed property occurring after 1987 is shared on a “countywide” basis. This revenue is distributed to nearly all governmental agencies and school entities in the county in proportion to each entity’s share of the county’s total ad valorem property tax revenues.

Under the countywide system, each county has one general “countywide tax rate area” to which the assessed value of state assessed property is assigned. However, the law provides for certain exceptions to this process. For some state assessed properties, the resulting property tax revenues are allocated only to the governmental agencies and school entities in the specific tax rate area where the property is sited rather than being deposited in the countywide pool. These exceptions are:

- Electrical generation facilities pursuant to Section 100.9
- Three specific state assessed properties pursuant to Section 100(i), (j) and (k)
- Property of regulated railway companies pursuant to Section 100.1
- Nonunitary property pursuant to Section 755(a) and 756(a)

Sections 755 and 756 require the Board to transmit the assessment roll and roll estimates to the county auditor by certain dates annually. These sections of law specify that the assessed value of the above listed properties (with the exception of electrical generation facilities) are to be assigned to a specific tax rate area rather than the general countywide tax rate area. This ensures that the revenues from these properties flow to the proper local governments.

Proposed Law

This bill would amend Revenue and Taxation Code Sections 755 and 756 to add electrical generation facilities as defined in Section 100.9 to the types of properties that must be assigned to a particular tax rate area rather than the countywide tax rate area on the Board roll.

Background

Effective January 1, 2003, Chapter 57 of the Statutes of 2002 (AB 81) transferred the assessment of certain electrical generation facilities to the Board and added Section 100.9 to the Revenue and Taxation Code to require that the value of these electric generation facilities be allocated to the specific tax rate area where the facility is located, rather than the countywide tax rate area prescribed by Section 100 for other state assessed property.

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Comments

1. **Sponsor and Purpose.** The Board of Equalization is sponsoring this technical amendment to ensure that the laws related to the preparation of the Board roll properly reference all properties for which the Board must assign state assessee values to a particular tax rate area rather than the countywide tax rate area.
2. **Key Amendments.** This provision was added by the **August 15** amendment and was previously contained in SB 501 (Machado).
3. **Codifies Existing Practices.** It is the current administrative practice of the Board to prepare the roll in this manner in order to properly implement Section 100.9.

Hearing Officers*Revenue and Taxation Code Section 1641.5***Current Law**

Existing property tax law authorizes a county to appoint an assessment hearing officer to conduct hearings on specified taxpayer assessment protest applications and to make recommendations on these applications to the county board of equalization or county assessment appeals board. Section 1640 provides that the appeals board is bound by the decision of the hearing officer, unless pursuant to Section 1641, the board of supervisors adopts a resolution providing that the appeals board is not bound to the hearing officer's recommendation and the taxpayer or assessor may request a full hearing before the appeals board. Under either circumstance, the appeals board receives a copy of the hearing officer's report and conclusions.

Proposed Law

This bill would add Section 1641.5 to the Revenue and Taxation Code to authorize a county board of supervisors to adopt a resolution providing that the assessment hearing officer's decision constitutes the final administrative action by the county board of equalization or county assessment appeals board.

Comments

Sponsor and Purpose. This provision is sponsored by the California Association of Clerks and Election Officials to provide that in cases where the law provides that a decision by a hearing officer on an assessment appeal constitutes the final decision of the county assessment appeals board, the county board does not have to provide a (redundant) approval of that final decision.

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Private Railroad Car Tax

<i>Revenue and Taxation Code Section 11316 and 11336</i>
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Current Law

Prior to January 1, 2002, there was a two step process to file an appeal of a private railroad car assessment with the Board. The first step was to file a "declaration of intent" to appeal, which was due on or before August 21. The second step was to file the actual appeal, which was due on or before September 20. In 2002, this appeals process was simplified to eliminate the first step and instead require a taxpayer to file an appeal within a specific number of days. (See Revenue and Taxation Code Sections 11338 and 11339)

Proposed Law

This bill would amend Revenue and Taxation Code Sections 11316 and 11336 to delete obsolete references to a "declaration of intent to petition for reassessment" still found in miscellaneous sections of law.

Comments

1. **Sponsor and Purpose.** The Board of Equalization is sponsoring this provision as a housekeeping measure to delete obsolete references to the prior two step appeals process.
2. **Key Amendments.** This provision was added by the **August 15** amendment and was previously contained in SB 747 (Machado).
3. **Related Legislation.** In 2000, the Board sponsored SB 2170 (Stats. 2000, Ch. 647) to eliminate the two step appeals process for state assessees. In 2001, the Board sponsored SB 1181 (Stats. 2001, Chap. 407) to make conforming changes to the appeals process for Private Railroad Car taxpayers.

COST ESTIMATE

This bill would not result in any costs to the Board.

REVENUE ESTIMATE

The provision relating to the sale of tax exempt properties would result in a minimal revenue gain since previously tax exempt properties would become taxable as of the date of its sale. The provision relating to the grandparent-grandchild exclusion would result in an insignificant revenue loss since more persons may be able to qualify for the change in ownership exclusion. The other provisions have no impact.

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